

The Commission's communication on the accession of Bulgaria and Romania

Brief historical summary

Since 1974 that Romania has official relations with the European Community, making it the first CEEC to be in such a position. Indeed, in 1974 Romania was included in the Community's generalised system of preferences and an agreement on industrial products was signed in 1980. Diplomatic relations have existed since 1990 and a trade and co-operation agreement was signed in 1991. The Europe agreement, which covered a wide range of sectors, came into effect in 1995. Romania's application for membership of the EU was submitted on June 22, 1995 and in July 1997 the European Commission issued an opinion on it. The Commission recommended the start of negotiations with Romania in its report released in 1999 and negotiations started on February 2000.

Diplomatic relations between Bulgaria and the EU were established in 1988 and a trade and co-operation agreement was signed two years later. The Europe agreement was signed in 1993 and came into force in 1995. Bulgaria submitted its application to the EU on December 14, 1995 and the Commission issued its opinion in July 1997. Likewise negotiations started in February 2000. The Thessaloniki, reinforced by the Brussels, summit conclusions gave support to the Romanian and Bulgarian aim of joining the EU by 2007 "*The European Council looks forward to the Commission 2004 regular report, which will assess the two countries' ability to assume all the obligations of membership by accession*".

The last regular report on Romania

The Commission considers that Romania progressed to "address the need for administrative and judicial reforms" and points out it has started to carry out a wide reform of its public sector with the objective of making it more decentralised, deconcentrated and better co-ordinated. It is said that corruption continues to be widespread even if anti-corruption legislation is well developed. The main problem is the existing gap between legislation and its implementation. Indeed, according to the Commission, "official surveys confirm the possibility for the executive to influence the outcome of judicial proceedings" but it is hoped that recent changes will eventually lead to more transparency. There is a positive assessment of humans rights and fundamental freedoms as the Commission considers Romania has made

further progress. An example is the recent introduction of national standards for child protection services and of strict rules on inter-country adoption which seem to be in line with the UN convention. However, the Roma strategy which is currently being implemented has not produced any visible results as discrimination continues to be serious.

In its 1997 opinion the Commission did not consider Romania to be a functioning market economy. A functioning market economy requires “prices, and trade, to be liberalised and an enforceable legal system, including property rights, to be in place. Macroeconomic stability and consensus about economic policy enhance the performance of a market economy. A well-developed financial sector and the absence of any significant barriers to market entry and exit improve the efficiency of the economy”. Now, the Commission makes a positive assessment of economic management, pointing out that unemployment remained low, inflation has been gradually reduced thanks to the way monetary policy has been conducted and the policy mix aimed at achieving economic stability has been more successful. It also takes note of price liberalisation and the development of the private sector continues even if it is argued that the weight of the public sector remains high. The Commission welcomed the strengthening of the legal framework for a market economy but major impediments still exist. The development of the banking sector continues although the Commission noted it started from a “low level” and the non-banking financial sector “is still in its infancy”. Overall it is acknowledged that “Romania complies with the criterion of being a functioning market economy”, which was essential to Romania if it wished to join the EU within the agreed timetable. Moreover, “a vigorous implementation of its structural reform programme should enable Romania to cope with competitive pressure and market forces within the Union”. Nevertheless, it asked for more progress on ensuring macroeconomic stability and in developing structural reforms and for “a substantial progress in the functioning of the judiciary and the public administration, including an even and predictable application of law”. Regarding the *acquis* the Commission estimates Romania “has reached a fair level in the large majority of areas”. One major area where the transposition of the *acquis* has continued but has not yet reached an optimal level is social policy and employment. Indeed “due attention should be paid to the promotion of social dialogue and to the improvement of the health status of the population which is well below the EU average”. If the transposition of the *acquis* has attained a fair level, implementation continues to be a problem. An example of that is the environment where the Commission estimates that implementation is lagging behind. In general “implementation of the transposed *acquis* remains a key challenge, and therefore requires enhanced efforts”.

Finally, Romania has progressed in many areas of justice and home affairs but the independence of the judiciary system is still not ensured. The Commission also points to the need for the fight against corruption to be strengthened. Furthermore, progress in the area of customs is deemed to be “limited”.

In conclusion, Romania has closed 27 chapters of the accession negotiations and the Commission acknowledges that “Romania is generally meeting the commitments that it has made during the negotiations, although delays have been noted in specific areas”. The Commission expects Romania to join the EU in accordance with the defined timetable.

The last regular report on Bulgaria

As far as Bulgaria is concerned, the Commission’s regular report is more optimistic, and the country has provisionally concluded accession negotiations in all of the 31 chapters.

Regarding the political criteria it is said that Bulgaria continues to respect human rights and fundamental freedoms and it welcomes the improvements in asylum and child protection. The stability of institutions has been achieved. The judicial system has continued to be reformed but as in Romania there is a persistent gap between legislation and practice. Indeed, “despite legislative and administrative improvements, significant efforts are still needed to change the functioning of the judicial system in practise”. More serious is the lack of progress in the pre-trial reform and the Commission argues that “recent reports confirm that there are important structural problems as regards the independence from external pressure of the Bulgarian investigators, the duplication of activities and the complexity of the current penal procedure”.

Corruption continues to be a serious problem, education and health being the most corrupt sectors of the administration but the private sector is also seriously affected by the phenomena. The Commission does acknowledge the existence of an anti-corruption strategy dating from 2001, updated in 2003 but claims that “it does not specifically cover high level and local corruption. There is still little transparency regarding the personal interests of elected officials and the financing of political parties and election campaigns”.

Regarding civil and political rights, ill-treatment during police arrests persists and the proportion of people of Roma origin “who claim to have been victims of such treatments in police stations is substantially higher than the average.” Trafficking in human beings is a serious problem and few convictions have occurred. Overall Bulgaria respects the political

criteria but improvements in trafficking in human beings, Roma discrimination, corruption and the transparency of the judicial system are needed.

Bulgaria is a functioning market economy even if it needs to deepen structural reforms and improve the macroeconomic stability but the policy mix has been relatively adequate although it might require some tightening in the future. Transport infrastructures need to progress at a faster pace (e.g. the length of motorways was 314 km in 1997 and 328 km in 2003). The Commission states that, unlike in Romania, private ownership has become predominant in the economy and that liberalisation and regulation of prices has progressed. Most of the planned privatisations have been concluded.

Concerning the *acquis*, the Commission considered that Bulgaria “has now achieved a reasonable degree of alignment”, more advanced than Romania as its progress was qualified as “fair”. Bulgaria continued to make progresses in most of the areas that refer to free movement of goods not only in terms of transposition of the *acquis* but also concerning the development of its administrative capacity. It has also continued to progress in social policy and employment but in this case; its administrative capacity needs to be strengthened so that implementation can be more efficient. Bulgaria has also progressed on the environment, customs, and taxation but there is still a gap between the adoption of the *acquis* and its implementation.

Overall the Commission concludes that “Bulgaria has made further progress in the vast majority of the chapters of the *acquis* and is on track to complete the required legislative transposition before the planned date of accession if the current pace of progress is maintained”.

Both countries seem to be on track to join the EU on time although the Commission’s report is more optimistic in the case of Bulgaria than in that of Romania. There is however a derogation clause that can delay accession by one more year if both countries fail to progress up to 2007.

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